

# GENERAL COUNSEL'S REPORT

December 13, 2017

F. East Tennessee Children's Hospital, Knoxville (Knox County), TN-CN1401-002A

Unanimously approved on 4/23/2014 for the renovation and expansion of the hospital's existing Neonatal Abstinence Syndrome Unit, Neonatal Intensive Care Unit (NICU), Preoperative Services, and Specialty Clinic. The licensed beds will not be affected, and no services will be initiated.

Request for a 4 month extension, from 6/1/2018 to 10/1/2018



Waller Lansden Down & Davis, LLP  
511 Union Street, Suite 2700  
P.O. Box 198966  
Nashville, TN 37219-0966

615.244.6380 main  
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Kim Harvey Looney  
615.850.8722 direct  
kim.looney@wallerlaw.com

November 30, 2017

**VIA HAND DELIVERY**

Ms. Melanie Hill  
Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building  
9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

Re: East Tennessee Children's Hospital: CN1401-002A

Dear Ms. Hill:

East Tennessee Children's Hospital (ETCH) received a CON for the renovation of its existing hospital and construction of new space that will expand the NICU, Neonatal Abstinence Syndrome (NAS) Unit, Perioperative Services and Specialty Clinic located on the hospital's campus at 2018 Clinch Avenue in Knoxville (CN1401-002A) on April 23, 2014. The estimated project costs were \$75,302,100.00. The applicant requested additional time for completion (a period of 4 years) so that the expiration date for this CON is June 1, 2018. ETCH requests an extension to the CON of 4 months. Enclosed please find a check for the additional filing fee of \$3,750.

ETCH is going to be making some slight changes to its renovation and construction plans and will need this additional time to complete the entire project, which is rather extensive. Since the application was approved, the applicant has seen a decrease in the number of infants treated with NAS. Data reported to the Department of Health by Hospitals in Tennessee shows that in 2013 there were 370 patients showing clinical signs of NAS in ETCH's 16 county service area. That number peaked in 2014 with 388, decreasing to 381 in 2015 and further decreasing to 330 in 2016. The number continues to decline.

The applicant proposed a separate NICU with 16 private beds for the treatment of these NAS infants in its application. It was to be located in renovated space on Floor 4 of the current building. The new building was expected to have a 44 private bed NICU on Floor 5. The applicant would like to physically relocate 6 of the 16 proposed NAS NICU beds to the main NICU area, giving it 50 total beds. When the construction was begun, the applicant had the foresight to realize that at some point in the future, it might need more space for the NICU. Therefore, the area was pre-plumbed for that possibility. The area that it will use for expansion currently houses administrative office space. Instead of having a separate NICU on a different floor for NAS NICU patients, it would like to relocate these beds with the 44 bed NICU. Doing this will allow ETCH to provide more efficient care for its NICU patients and take advantage of the decreasing need for NAS NICU patients, while still being able to provide appropriate care for those patients. The total number of NICU beds will remain at 60 to allow for overflow and peak census times in the NICU. ETCH will still be able to separate the NAS NICU patients from the



Ms. Melanie Hill  
November 30, 2017  
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other NICU patients, but they will all be located on the same floor in the same general area, which will allow ETCH to provide care more efficiently and effectively. The applicant does not anticipate that the original project costs will change.

Please place this request on the agenda for the December meeting of the HSDA. If you have any questions or need additional information, please do not hesitate to call me at (615) 850-8722 or email me at [kim.looney@wallerlaw.com](mailto:kim.looney@wallerlaw.com). Thank you.

Sincerely,

A handwritten signature in blue ink that reads 'Kim H. Looney'.

Kim Harvey Looney

KHL:lag  
Enclosure



# State of Tennessee

## Health Services and Development Agency

Andrew Jackson Building, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

### PROGRESS REPORT ANNUAL REVIEW FOLLOWING CERTIFICATION

Project Name: East Tennessee Children's Hospital Certificate of Need #: CN1401-002A

Legal Owner: East Tennessee Children's Hospital Association, Inc Approval Date: April 23, 2014

Expiration Date: June 1, 2018

#### Project Description:

The new addition phase of the project has been deemed substantially complete with all areas except LVL 3 West Connector, which will serve as Surgery waiting room. This portion of the project is expected to be completed in February of 2017.

The first phase of the renovation portion of the Con will begin on November 21, 2016 with a completion date of mid March 2017. The subsequent phases of renovation work will follow, with phase two expected to start in March 2017. The final phase of renovation is expected to be complete by March 2018.

#### **\*\*\*\*PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER\*\*\*\***

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). **Please note that this report will not be considered complete without this information.**

#### **A. CONSTRUCTION PROJECTS**

1. Anticipated date of project completion. March 30, 2018
2. Provide written confirmation from the contractor documenting the stage of construction at the current time.  
**See Attached**
3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency.

#### **B. NON-CONSTRUCTION PROJECTS**

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified.
2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.

**State of Tennessee****Health Services and Development Agency**Andrew Jackson Building, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

A handwritten signature in black ink, appearing to be "St. M.", written over a horizontal line.

Signature of Authorized Agent or Chief Operating Officer

A handwritten date "11/18/16" in black ink, written over a horizontal line.

Date

HSDA-0054 (Revised 11/18/2010 – All forms prior to this date are obsolete)

# JOHNSON & GALYON

CONSTRUCTION

November 18, 2016

Mr. Steven Godbold  
East Tennessee Children's Hospital  
P.O. Box 15010  
Knoxville, TN 37901

**Re: J & G Job No. 1404 - ETCN Surgery & NICU Addition  
Progress Update on Addition and Renovation**

Dear Mr. Godbold,

The construction of the new addition completed as originally scheduled and planned and is substantially complete with all areas except the LVL 3 West Connector, which will serve as the OR waiting room. This area is a phased portion of the project and is currently on schedule and tracking for a February of 2017 completion.

The interior status of the LVL 3 West Connector is as follows: mechanical, electrical, plumbing and sprinkler rough in are all substantially complete, sheetrock finishing is on track for completion by middle of next week with prime paint, ceiling grid and casework following into the first couple week of December.

The first phase of the renovation work in the existing hospital is on target to start on November 21, 2016 with a completion in March of 2017. The subsequent phases of the work is currently on track, with the second phase starting in March of 2017, and the completion of the fifth and final phase being in March of 2018.

If you should have any questions, please do not hesitate to call.

Sincerely,

Johnson & Galyon, Inc.



Chad Brewster  
Project Manager

cc: Mark Miller w/ RTG



# CHILDREN'S HOSPITAL

East Tennessee Children's Hospital • 2018 Clinch Avenue • P.O. Box 15010 • Knoxville, TN 37901 • (865) 541-8000

Leading the Way to Healthy Children

## FACSIMILE TRANSMITTAL LETTER

Please deliver the following page(s) to:

Name: State of Tennessee Health Services + Development Agency

Fax No: 615-741-9884

Company: \_\_\_\_\_

Department: \_\_\_\_\_

Date: 11-23-16 Total number of pages: 4 (including transmittal letter)

If you do not receive all pages or have any problem with receiving this transmission, please call:

Name: Tammy Bush for Steven Godbold

Company: Children's Hospital

Department: Financial Services

Telephone Number: (865) 541-8181

Fax Number: (865) 541-8784

Comments: Please see attached.

**Confidentiality Notice:** This fax may contain confidential or personal health information (including any attachments) intended for a specific individual(s) and purpose that is privileged, confidential or otherwise protected from disclosure pursuant to applicable law. It is intended only for use of the individual named. If you are not the intended recipient, the disclosure, copying, distribution or taking of any action in regards to the contents of this fax - except its direct delivery to the intended recipient - is strictly prohibited. If you have received this fax in error, please notify the sender immediately and destroy this cover sheet along with its contents, and delete from your system, if applicable.



**State of Tennessee**

**Health Services and Development Agency**

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

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May 28, 2014

Kim H. Looney, Esq.  
Waller Lansden Dortch & Davis LLP  
511 Union Street, Suite 2700  
Nashville, TN 37219

RE: East Tennessee Children's Hospital - CN1401-002A

Dear Ms. Looney:

As referenced in our recent letter, please find enclosed your Certificate of Need for the above-referenced application that was approved at the April 23, 2014 meeting of the Tennessee Health Services and Development Agency.

The Health Services and Development Agency Rules require that an Annual Progress Report be submitted each year and a Final Project Report form is to be submitted within ninety (90) days after completion of a project which shall include completion date, final costs, and other relevant information in regards to the project, pursuant to Public Acts 2002, Chapter No. 780, § 16-11-1609(d). Also required is the registration of certain medical equipment pursuant to Tennessee Code Annotated § 68-11-1607(i), which states "*The owners of the following types of equipment shall register such equipment with the health services and development agency: computerized axial tomographers, lithotripters, magnetic resonance imagers, linear accelerators and positron emission tomography.*" ..... "*The survey shall include but not limited to the identification of the equipment and utilization data according to source of payment.*"

The aforementioned forms can be found on the Agency's website at [www.tennessee.gov/HSDA](http://www.tennessee.gov/HSDA). Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

Melanie M. Hill  
Executive Director

MMH/mab

cc: Trent Sansing, Division of Health Statistics, Office of Policy, Planning & Assessment  
Ann R. Reed, Health Care Facilities - Licensure  
Bill Harmon, Director of Engineering, Health Care Facilities

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STATE OF TENNESSEE  
Health Services and Development Agency



Certificate of Need No. **CN1401-002A** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: East Tennessee Children's Hospital Association, Inc.  
2018 Clinch Avenue  
Knoxville, TN 37916

For: East Tennessee Children's Hospital

This Certificate is issued for: The renovation of the existing hospital and construction of new space that will expand the NICU, Neonatal Abstinence Syndrome Unit, Perioperative Services and Specialty Clinic located on the hospital's campus at 2018 Clinch Avenue in Knoxville.

On the premises located at: 2018 Clinch Avenue  
Knoxville (Knox County), TN 37916

For an estimated project cost of: \$75,302,000.00

The Expiration Date for this Certificate of Need is

June 1, 2018

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: April 23, 2014

  
Chairman

Date Issued: May 28, 2014

  
Executive Director